



**DEPARTMENT OF THE ARMY**

U.S. Army Corps of Engineers  
WASHINGTON, D.C. 20314-1000

REPLY TO  
ATTENTION OF:

09 JUN 2000

CEPR-P (715)

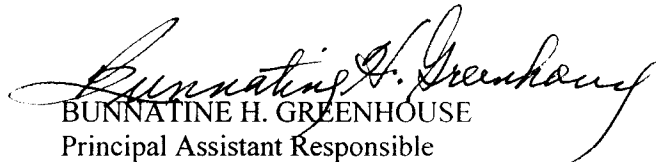
MEMORANDUM FOR COMMANDER/DIRECTORS, ALL USACE COMMANDS

SUBJECT: PARC Instruction Letter (PIL) 2000-15, Mandatory Electronic Funds Transfer (EFT) and Central Contractor Registration (CCR)

1. Reference SAAL-PP memorandum of 5 April 2000, SAB, and attachments 1 thru 5.
2. The purpose of this PARC Instruction is to stress the necessity for EFT and CCR.
3. The OSD Comptroller's specific instruction to DFAS to compel the mandatory use of EFT payments to contractors and vendors is at attachment 1. The Director of Defense Procurement endorsed this instruction and provided additional guidance at attachment 2. DFAS implementing instructions has been provided to the services at attachments 3&4. Recommendations at attachment 5, offer useful information on how to manage this situation towards the desired outcome.
4. DFAS has been directed to charge processing fees to DoD for handling efforts associated with bringing non-compliant contracts into compliance with mandatory EFT and CCR requirements. As Dr. Oscar advises in the reference, fees for returning non-compliant contracts to the originating office for modification, for advising contractors not registered in CCR to do so, and for the additional cost of processing a manual payment in lieu of an EFT payment, will quickly accrue if we do not actively manage this situation. It is mandatory that you ensure that the CCR and EFT requirements for each contract comply with current policy and assure that the EFT payment method is the business process of choice.
5. Effective the date of this Instruction, all new contracts will require mandatory use of EFT and CCR requirements. For existing contracts, contracting officers will make their best efforts to encourage contractors to agree to EFT and CCR by contract modification. Exceptions to this policy and conditions for waivers of this policy are cited in attachment 4-1 to this Instruction.
6. This PIL and its attachments should be read in its entirety on the PARCs home page.

FOR THE COMMANDER:

Atchs

  
BUNNATINE H. GREENHOUSE  
Principal Assistant Responsible  
for Contracting

CF: Directors/Chiefs of Contracting  
all USACE Commands

*Additionally, contact  
the Corps Marketing, Tennessee  
Finance Office for supplementary  
guidance*



REPLY TO  
ATTENTION OF

DEPARTMENT OF THE ARMY  
OFFICE OF THE ASSISTANT SECRETARY OF THE ARMY  
ACQUISITION LOGISTICS AND TECHNOLOGY  
103 ARMY PENTAGON  
WASHINGTON DC 20310-0103

05 APR 2000

SAAL-PP

MEMORANDUM FOR SEE DISTRIBUTION

SUBJECT: Mandatory Electronic Funds Transfer (EFT) and Central Contractor Registration (CCR)

The Deputy Under Secretary of Defense (Comptroller), on December 30, 1999, issued specific instruction to the Defense Finance and Accounting Service (DFAS) to compel the mandatory use Electronic Funds Transfer (EFT) payments to contractors and vendors (Attachment 1). The Director of Defense Procurement (DDP) endorsed this message and forwarded it to the military services, with supplementary guidance (Attachment 2). DFAS has developed implementing instructions for its subordinate Centers and Operating Locations and has provided this information to the services (Attachments 3 and 4).

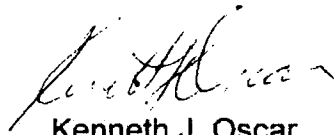
In summary, effective February 1, 2000, with limited exceptions, DFAS has been directed to charge processing fees to Department of Defense (DoD) contracting components for various handling efforts associated with bringing non-compliant contracts into compliance with mandatory EFT and Central Contractor Registration (CCR) requirements. Fees for returning non-compliant contracts to the originating office for modification, for advising contractors not registered in CCR to do so, and for the additional cost of processing a manual payment in lieu of an EFT payment, will quickly accrue if we do not actively manage this situation.

In light of this development, it is absolutely essential that you and your subordinate contracting activities partner with your supporting DFAS offices and actively manage CCR and EFT usage. It is critical that you ensure that the CCR and EFT requirements for each contract comply with current policy and assure that the EFT payment method is the business process of choice.

Both the guidance from the Acting Director of Defense Procurement (Attachment 1) and the EFT/CCR Recommendations (Attachment 5) offer useful information on how to manage this situation towards the desired outcome. Use this information to your advantage. Meanwhile, my office will work with DFAS to assure that meaningful management information is available to the contracting activities to assist in this effort.



Should you have any questions concerning this matter, please call Mr. Gregory Doyle at 703-681-7562 (DSN 761-7562) or email him at [gregory.doyle@sarda.army.mil](mailto:gregory.doyle@sarda.army.mil).



Kenneth J. Oscar  
Deputy Assistant Secretary of the Army  
(Procurement)

#### Attachments

#### DISTRIBUTION:

#### PRINCIPAL ASSISTANTS RESPONSIBLE FOR CONTRACTING

HQ, U.S. Army Materiel Command, ATTN: AMCRDA-AC (PARC),  
5001 Eisenhower Avenue, Alexandria, VA 22333-0001

U.S. Army Aviation and Missile Command, ATTN: AMSAM-AC,  
Building 4488, Redstone Arsenal, AL 35898-5000

U.S. Army Materiel Command Acquisition Center, ATTN: AMSSB-AC,  
4118 Susquehanna Avenue, Aberdeen Proving Ground, MD 21005-5002

U.S. Army Communications-Electronics Command, ATTN: AMSEL-AC,  
Building 1208E, Fort Monmouth, NJ 07703-5000

U.S. Army Industrial Operations Command, ATTN: AMSIO-AC, Building  
350, 5<sup>th</sup> Floor, N Wing, Rock Island, IL 61299-6000

U.S. Army Tank-automotive and Armaments Command, ATTN:  
AMSTA-AQ, Building 231, Warren, MI 48397-5000

Defense Supply Service - Washington, 5200 Army Pentagon,  
Washington, DC 20310-5200

Headquarters Forces Command, ATTN: AFLG-PR, 1777 Hardee  
Avenue SW, Fort McPherson, GA 30330-1062

Third United States Army/U.S. Army Forces Central Command, 1301  
Anderson Way SW, Fort McPherson, GA 30330-1064

U.S. Army Medical Command Health Care Acquisition Activity, ATTN:  
MCAA, 2107 17<sup>th</sup> Street, Suite 69, Fort Sam Houston, TX  
78234-5069

U.S. Army Intelligence & Security Command, ATTN: IAPC, 8825  
Beulah Street, Fort Belvoir, VA 22060-5246

U.S. Army Medical Research and Materiel Command, ATTN: MCMR-  
AAZ-A, 820 Chandler Street, Fort Detrick, MD 21702-5014

**DISTRIBUTION: (CONT)**

U.S. Army Military District of Washington, Fort Lesley J. McNair, ATTN:  
ANPC, 103 Third Avenue SW, Bldg. 39, Room 5B, Fort Lesley J.  
McNair, DC 20319-5058

Military Traffic Management Command, ATTN: MTAQ, 5611 Columbia  
Pike, Falls Church, VA 22041-5050

U.S. Army Space and Missile Defense Command, ATTN: SMDC-CM  
(PARC), P.O. Box 1500, Huntsville, AL 35807-3801

U.S. Army Training and Doctrine Command, DCSBOS, ATTN: ATBO-A,  
5 North Gate Road, Building 5F, Room 306, Fort Monroe, VA  
23651-1048

U.S. Army Contracting Command, Europe, ATTN: AEAPR-PA (PARC),  
Unit 29331, APO AE 09266

Headquarters, Eighth United States Army, ATTN: FKAQ/EAAQ, Unit  
15237, APO AP 96205-0010

U.S. Army, Pacific, ATTN: APAM, B Street, building T-115, Fort Shafter,  
HI 96858-5100

U.S. Army South, ATTN: SOCS-CO, Unit 7101, APO AA 34004-5000

U.S. Army Corps of Engineers, ATTN: CEPR-ZA, 20 Massachusetts  
Avenue, NW, Washington, DC 20314-1000



COMPTROLLER

UNDER SECRETARY OF DEFENSE  
1100 DEFENSE PENTAGON  
WASHINGTON, DC 20301-1100

DEC 30 1999



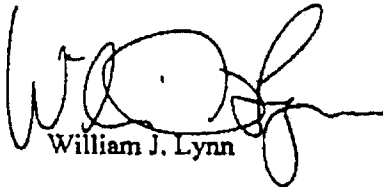
MEMORANDUM FOR SECRETARIES OF THE MILITARY DEPARTMENTS  
CHAIRMAN OF THE JOINT CHIEFS OF STAFF  
UNDER SECRETARIES OF DEFENSE  
DIRECTOR, DEFENSE RESEARCH AND ENGINEERING  
ASSISTANT SECRETARIES OF DEFENSE  
GENERAL COUNSEL OF THE DEPARTMENT OF DEFENSE  
INSPECTOR GENERAL OF THE DEPARTMENT OF DEFENSE  
DIRECTOR, OPERATIONAL TEST AND EVALUATION  
ASSISTANTS TO THE SECRETARY OF DEFENSE  
DIRECTOR, ADMINISTRATION AND MANAGEMENT  
DIRECTORS OF THE DEFENSE AGENCIES  
DIRECTORS OF THE DOD FIELD ACTIVITIES

SUBJECT: Mandatory Electronic Funds Transfer and Central Contractor Registration

"The Debt Collection Improvement Act of 1996" (Public Law 104-134) requires that payments to contractors/vendors be made via Electronic Funds Transfer (EFT) effective January 1, 1999. To implement this statutory requirement, the Department of Defense (DoD) developed appropriate contract clauses requiring payment by EFT and mandating registration in the Central Contractor Registration (CCR) database. At the same time, a notification program for contractors/vendors was put into place to help better ensure that current, as well as potential future, contractors/vendors, were aware of these requirements.

In addition to being required by statute, the use of EFT as a payment vehicle is one of the keys to improving finance and accounting services and reducing related costs within the Department. While we have made substantial progress in implementing EFT payments, additional effort is required to fully achieve the Department's goals. Therefore, I have instructed the Defense Finance and Accounting Service to return contracts and invoices that are not in compliance with current requirements, along with a request for corrective actions, effective February 1, 2000 as well as to take other specific actions. Those actions are addressed in the attachment to this memorandum.

The use of EFT payments to contractors/vendors, and the registration of contractors/vendors in the CCR should not continue to be delayed. It is incumbent on all of us to expeditiously implement these requirements. Your assistance and cooperation in this matter is greatly appreciated.

  
William J. Lynn

Attachment

ATTACHMENT

Attachment 1

ACTIONS THAT DFAS HAS BEEN DIRECTED TO TAKE  
EFFECTIVE FEBRUARY 1, 2000  
FOR CONTRACTS/INVOICES THAT DO NOT COMPLY WITH  
ELECTRONIC FUNDS TRANSFER (EFT) AND/OR  
CENTRAL CONTRACTOR REGISTRATION REQUIREMENTS

1. Effective February 1, 2000, when contracts that are not exempted do not contain the required clause providing for payment to be made by EFT, and the contractor/vendor is not registered in the Department's Central Contractor Registration database, the Defense Finance and Accounting Services is directed to take the following actions:

--Return, the contract to the contracting office. The contracting office will be: (1) advised that the contract does not comply with EFT and CCR requirements, (2) requested to amend the contract to include the appropriate EFT clause or require the contractor to register in the CCR, and (3) asked to expedite this action so as to minimize any potential for a delay in payment. A copy of such notification will be sent to the contractor/vendor involved.

--Charge, the DoD Component involved, an additional amount for each contract that is returned as a result of not containing appropriate EFT clause for contractors not registered in the CCR. The amount to be charged will be equal to the amount charged for processing a payment for a contract.

--If a particular contracting office repeatedly fails to include such clauses, notify the senior acquisition and the senior financial management manager in the applicable Component involved of the contracting office's repeated failure to comply with EFT and CCR requirements.

--Pay interest amounts, as applicable, on any payments delayed beyond 30 days as a result of returning a contract for modification to comply with EFT and CCR requirements. Such interest payments will be charged to the applicable DoD Component involved.

2. Effective February 1, 2000, when invoices that are not exempted do not contain appropriate information providing for payment to be made by EFT, and the contractor/vendor is not registered in the Department's Central Contractor Registration database, the Defense Finance and Accounting Services is directed to take the following actions:

--Notify the contractor/vendor of applicable EFT and CCR requirements and request voluntary compliance. Send a copy of the request to the applicable contracting office.

--Charge the DoD Component involved an additional amount for each such notification to a contractor/vendor. The amount to be charged will be equal to the amount charged for processing a payment for a contract.

--If a particular contractor/vendor refuses to comply or initiates or threatens litigation, the DFAS shall pay the contractor/vendor and notify the applicable acquisition manager of the vendor's

unwillingness to comply with EFT and CCR requirements and request that appropriate clauses be inserted in all existing and future contracts with that contractor/vendor.

--Charge the DoD Component involved an additional amount for each payment made by means other than EFT, if the applicable contract does not contain appropriate clauses providing for payment by EFT and the contractor does not comply voluntarily. The amount to be charged will be equal to the amount charged for processing a payment for a contract.

--Charge the DoD Component involved an additional amount for each payment where the contractor/vendor is not registered in the CCR in accordance with DoD policies if the applicable contract does not require such registration and the contractor does not comply voluntarily. The amount to be charged will be equal to the amount charged for processing a payment for a contract.

--Pay interest amounts, as applicable, on any payments delayed beyond 30 days as a result of requesting a contractor/vendor to comply with EFT or CCR requirements. Such interest payments will be charged to the applicable DoD Component involved.

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ACQUISITION AND  
TECHNOLOGY

## OFFICE OF THE UNDER SECRETARY OF DEFENSE

3000 DEFENSE PENTAGON  
WASHINGTON DC 20301-3000

January 14, 2000

DP/CPF

MEMORANDUM FOR ASSISTANT SECRETARY OF THE ARMY  
(ACQUISITION, LOGISTICS AND TECHNOLOGY)  
ASSISTANT SECRETARY OF THE NAVY  
(RESEARCH, DEVELOPMENT AND ACQUISITION)  
ASSISTANT SECRETARY OF THE AIR FORCE  
(ACQUISITION)  
DIRECTORS OF THE DEFENSE AGENCIES

SUBJECT: Mandatory Electronic Funds Transfer (EFT) and Central  
Contractor Registration (CCR)

The Under Secretary of Defense (Comptroller) recently issued the attached memorandum that requires the Defense Finance and Accounting Service (DFAS) take certain actions to improve the implementation of EFT payments to contractors/vendors. Effective February 1, 2000, the memorandum mandates that DFAS:

- Return to the contracting office for modification any non-exempt contract that does not contain the mandatory EFT clause when the contractor is not registered in CCR. DFAS will charge the DoD component a processing fee equal to the cost for processing a payment.
- Notify contractors who are not registered in CCR of the applicable EFT/CCR requirements when their invoices are not exempt from EFT requirements and do not contain information necessary to make EFT payment. In addition to the notification, they will charge the DoD component a processing fee for this notification.
- Charge the DoD component an additional processing fee:
  1. For each payment not made by EFT when the contract does not contain the appropriate EFT clause and the contractor refuses to comply voluntarily; or
  2. For each payment when the contractor is not registered in the CCR, the contract does not require registration, and the contractor does not comply voluntarily.

The following information and guidance is provided to help mitigate the impact of these actions on your activities.

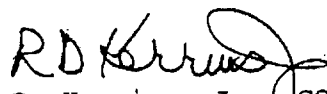


*Attachment 2*



- DFAS statistics indicate that the following vendor pay systems account for the majority of non-EFT payments:
  1. CAPS/CCD systems - Army/Army National Guard
  2. IAPS - Air Force
  3. STARS/One Bill Pay systems - Navy
- If the contractor is registered in CCR, DFAS considers this sufficient to allow them to pay by EFT and the penalty charges will not apply.
- Only new contracts are subject to return if they are not exempted from EFT requirements, they do not contain the mandatory EFT clause, and the contractor is not registered in CCR.
- When a contract is exempted from EFT, I recommend buying activities ensure the DFAS payment office is made aware of this exemption when the contract is distributed.
- For invoices that are not exempted from EFT, prompt action by buying offices to ensure all contractors are registered in CCR can avoid the assessment of charges for check payments.
- If DFAS makes a check payment to a contractor and the buying activity determines that the contractor is registered in CCR, the activity should immediately communicate this information to DFAS to avoid the assessment of an erroneous charge.
- For invoices that are exempted from EFT requirements, I recommend that buying activities ask contractors to note this exemption on their invoice to avoid the assessment of an erroneous charge.

My point of contact for questions related to this policy is Mr. Bob Bemben, (703) 695-9764, bembenrj@acq.osd.mil.



R.D. Kerrins, Jr., COL, USA  
Acting Director, Defense  
Procurement

Attachment:  
As stated

**DEFENSE FINANCE AND ACCOUNTING SERVICE**

1831 JEFFERSON DAVIS HIGHWAY

ARLINGTON, VA 22240-5281

WWW.DFAS.MIL

JAN 27 2000

**MEMORANDUM FOR DIRECTORS, DEFENSE FINANCE AND ACCOUNTING SERVICE  
CENTERS  
DIRECTORS, DEFENSE FINANCE AND ACCOUNTING SERVICE  
OPERATING LOCATIONS**

**SUBJECT: Mandatory Electronic Funds Transfer and Central Contractor  
Registration**

This memorandum forwards guidance from the Under Secretary of Defense (Comptroller) (USD(C)) on the enforcement of mandatory Electronic Funds Transfer (EFT). The memorandum provides for several new actions related to enforcing and encouraging use of EFT. The actions include returning nonconforming contracts and modifications and charging the customers for the additional effort of processing the returned contracts/modifications and related payments. The guidance applies to new contracts and modification to existing contracts resulting from solicitations issued after July 26, 1996 received at DFAS after February 1, 2000. Payments on nonconforming contracts received before that date will be processed as they have in the past with the addition of the surcharge for making check payment. However, subsequent contract modifications must include the required Central Contractor Registration and EFT clauses or they will also be returned and result in an additional surcharge for returning the contract.

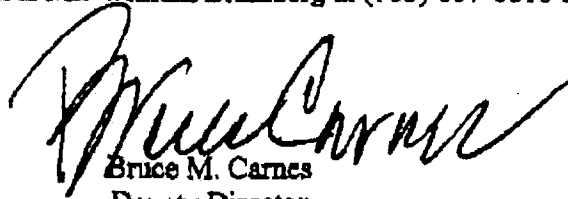
You are to contact and notify your customers and contractors of the new procedure and explain them as fully as possible. You are also to support customer requests to identify the noncompliant contracts on hand to permit modification before they are returned and result in additional charges.

Attachment 1 is the memorandum from the USD(C). Attachment 2 is the set of implementing instructions for DFAS paying offices. Attachments 3 and 4 are the earlier memoranda sent by the Director of Defense Procurement outlining the mandatory EFT policy and procedures for the Department's contracting activities. Attachment 5 is a draft letter to be used to return nonconforming contracts to the contracting offices. Attachment 6 is a draft letter to be used to inform contractors that their contract was returned to the contracting office. Attachment 7 is a draft letter to be used to notify the contracting office that the contractor refuses to voluntarily cooperate. Attachment 8 is a draft letter to be used to advise contractors an invoice is being held pending contract modification.

*Attachment 3*

It is important to note that the EFT policy is not new. However, the USD(C) guidance provides for new means of encouraging compliance.

My staff point of contact is Mr. William Blumberg at (703) 607-0810 or DSN 327-0810.



Bruce M. Carnes  
Deputy Director

Attachments:

As stated

**DEFENSE FINANCE AND ACCOUNTING SERVICE**

1931 JEFFERSON DAVIS HIGHWAY  
ARLINGTON, VA 22240-5291  
WWW.DFAS.MIL

JAN 27 2000

MEMORANDUM FOR ASSISTANT SECRETARY OF THE ARMY  
(FINANCIAL MANAGEMENT AND COMPTROLLER)  
SENIOR CIVILIAN OFFICIALS, ASSISTANT SECRETARY OF  
THE NAVY (FINANCIAL MANAGEMENT AND  
COMPTROLLER)  
ASSISTANT SECRETARY OF THE AIR FORCE  
(FINANCIAL MANAGEMENT AND COMPTROLLER)  
DEPUTY CHIEF OF STAFF OF THE MARINE CORPS  
(PROGRAMS AND RESOURCES)  
COMPTROLLER, DEFENSE LOGISTICS AGENCY

SUBJECT: Mandatory Electronic Funds Transfer and Central Contractor  
Registration

Attached is a copy of the Defense Finance and Accounting Service implementing instructions for mandatory Electronic Funds Transfer (EFT). The instructions forward guidance from the Under Secretary of Defense (Comptroller) (USD(C)) on the enforcement of mandatory EFT to the DFAS Centers and Operating Locations. A copy of the USD(C) memorandum is also attached.

The memorandum provides for several new actions related to enforcing and encouraging use of EFT. The actions include returning nonconforming contracts and charging our Service and Defense Agency customers for the additional effort of processing the contracts, related invoices, and payments. The guidance applies to new contracts and modification to existing contracts resulting from solicitations issued after July 26, 1996, received at DFAS after February 1, 2000. Payments on nonconforming contracts received before that date will be processed as they have in the past with the addition of the surcharge for making check payment. However, subsequent contract modifications must include the required Central Contract Registration and EFT clauses or they will also be returned and result in an additional surcharge for returning the contract.

It is important to note that the EFT requirement is not new. The grandfathering provisions of the Debt Collection Improvement Act of 1996 expired January 1, 1999. Enforcing compliance is in our mutual interests. Payments by EFT cost much less than payments by check.

*Attachment 4-1*

Payment by EFT is an important element to reducing the total cost of the financial services provided by DFAS.

My staff point of contact is Mr. William Blumberg at (703) 607-0810 or DSN 327-0810.



Thomas R. Bloom  
Director

Attachments:

As stated

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# IMPLEMENTING GUIDANCE FOR MANDATORY ELECTRONIC FUNDS TRANSFER- VENDOR/CONTRACT PAY

## I PURPOSE

To provide instructions to implement the USD(C) December 30, 1999, memorandum on mandatory EFT for contract, vendor and miscellaneous payments.

## II AUTHORITY

Debt Collection Improvement Act of 1996

Code of Federal Regulations, 31CFR Part 208, Management of Federal Agency Disbursements

Defense Federal Acquisition Regulation Supplement, Part 204, Administrative Matters

Director, Defense Procurement Memorandum, July 25, 1996, Subject: New Statutory

Requirement of Payment by Electronic Funds Transfer

Director, Defense Procurement Memorandum, July 31, 1996, Subject: Code for Payment by  
Electronic Funds Transfer

## III SCOPE

- A. Includes contracts, purchase orders, basic ordering agreements and blanket purchase agreements resulting from solicitations issued on or after July 26, 1996 and paid in US dollars within the United States and its territories.
- B. Excludes payment to those:
  - 1. Waived by regulation:
    - a. one-time, nonrecurring payments (Defined as one-time payments to a payee within a calendar year. A contract with a single payment is not a one-time payment under this exemption and the contractor must be registered in CCR)
    - b. payments to sole proprietors
    - c. classified contracts (any contract that requires, or will require, access to classified information) (FAR 4.401)
    - d. contracts awarded by deployed contracting officers in the course of military operations
    - e. contracts for payments to be made in foreign countries, to foreign vendors in foreign currencies
    - f. purchases to support unusual or compelling needs
  - 2. Exempted from current implementation:
    - a. utility companies
    - b. common carriers under Government Bills of Lading
- C. This policy does not apply to non Department of Defense activities serviced by DFAS.

VI PROCEDURES FOR HANDLING INVOICES RELATED TO RETURNED  
CONTRACTS OR OTHER CCR/EFT DEFICIENCIES

- A. Invoices received after February 1, 2000 that relate to payees/contracts not waived or exempted from payment by EFT or otherwise provided for below, will be held and not paid except as indicated below.
- B. If an invoice is received for a contract that does not have the proper clauses, check the CCR/CEFT for EFT data. If found use the CCR/CEFT remittance data for the payment.
- C. If the contractor data is not in the CCR/CEFT, but the contract provides for "remit per invoice," then check the invoice for EFT data and use that data for payment. Contact the contractor to have them enroll in CCR. (Workcount charge per VI D. below applies.)
- D. Charge the component of the contracting office an additional Output #6 (MOCAS), Output #9 (Commercial Invoice), Output #19 (SAMMS Invoice) or Output #31 (DeCA Invoice) workcount as appropriate for each such payment made.
- E. If not paid, notify the contractor, by letter, of the reason for non-payment and requested to voluntarily participate in EFT.
- F. Notify the contracting office, by copy of the contractor letter, of the payment withheld.
- G. Charge the component of the contracting office an additional Output #6 (MOCAS), Output #9 (Commercial Invoice), Output #19 (SAMMS Invoice) or Output #31 (DeCA Invoice) workcount as appropriate for each invoice held.
- H. If the contractor refuses (by statement, by appeal to Congress, or by actual or threatened litigation) to participate in EFT, pay the contractor by check and charge the fee to the output in which the invoice was received.
- I. Notify the component level acquisition manager of the refusal and request that they require the contractor to register in the CCR and participate in EFT.
- J. Charge the component (as shown in the automated work count template) of the contracting office an additional Output #6 (MOCAS), Output #9 (Commercial Invoice), Output #19 (SAMMS Invoice) or Output #31 (DeCA Invoice) workcount as appropriate for each payment made by other than EFT because the contractor does not voluntarily comply.

- K. Pay Prompt Payment Act interest when payment is delayed beyond the appropriate period if the contract did not include the EFT/CCR clauses.
- L. No Prompt Payment Act interest is due if the contract provides for CCR registration and EFT payment and the contractor failed to register properly or failed to renew properly the registration in the CCR and provide bank routing data.

## VII RETURNED CONTRACT TRACKING & WORK COUNT PROCEDURES

- A. Reason codes will be assigned to each returned contract:
  - 1. lack of proper FAR/DFAR clauses
  - 2. no waiver letter/document
  - 3. no CCR listing
- B. The following items must be tracked:
  - 1. number of returned contracts or modifications, by reason code
  - 2. number of invoices held by with reason code
  - 3. contractors/vendors notified
  - 4. contracting office identifier
  - 5. invoices paid, EFT/CCR clauses missing, when the contractor is in CCR
  - 6. Prompt Payment Act interest paid due to non-conforming contracts
  - 7. total checks issued, and to the extent possible for exempt checks identify exempted contracts, foreign payments, payments to individuals and assignment of claims
  - 8. total additional work counts charged (items 1,2,3 & 7) by output and customer

## VIII REPORTING AND INTEREST CHARGING PROCEDURES

- A. Frequency. Report to DFAS-HQ/FCC, combined monthly at each Center with a separate listing for each OPLOC. Reporting will include the items in section VII.
- B. Workcounts and interest will be charged to the Component that wrote the contract and not the Component whose funds were cited in the contract. Note that a single contract can generate multiple workcount charges, as there are multiple actions that we must take to implement this guidance. Therefore, all workcounts must be counted.



#### IV WAIVERS

- A. Waivers are authorized by Treasury rules at 31CFR Part 208, Management of Federal Agency Disbursements, the Federal Acquisition Regulation (FAR), and the Defense Federal Acquisition Regulation Supplement (DFARS). The general provisions for waiver for commercial entities (other than sole proprietorships) are stated below:
1. where the agency does not expect to make more than one payment to the same recipient within a one-year period, i.e., the payment is *non-recurring*, and the cost of making the payment via electronic funds transfer exceeds the cost of making the payment by check; and
  2. where an agency's need for goods and services is of such unusual and compelling urgency that the Government would be seriously injured unless payment is made by a method other than electronic funds transfer; or, where there is only one source for goods or services and the Government would be seriously injured unless payment is made by a method other than electronic funds transfer.
  3. foreign contractors, paid in foreign currency for work performed outside the United States.
  4. military operation against an enemy and payments made to recipients in a disaster area.
- B. OPLOC Directors or Finance Directors may approve waiver requests based on the above criteria.
- C. Waivers may not be granted because of bank imposed processing charges and the government will not reimburse such charges.
- D. Though individuals (sole proprietors) shall not be required to participate in EFT, they are to be strongly encouraged to participate. That same encouragement also applies to assignment of claims situations. However in both cases the parties involved must register in Central Contractor Registration (CCR) and provide a remittance address.

## V PROCEDURE FOR RETURNING CONTRACTS

- A. Contracts not waived or exempted from payment by EFT, which do not have the proper FAR/DFAR EFT and CCR clauses that are received after February 1, 2000 shall be returned to the originating contracting office for appropriate modification. The return transmittal will state the contract(s) does not comply with EFT and CCR requirements and must be modified with the appropriate clauses. It will also request that the modifications be expedited to minimize potential delay in payment and related interest expense.

For contracts issued after February 1, 2000, subsequent modifications will be returned when the contract or a previous modification does not contain the EFT and CCR clauses.

- B. Send the contractor a copy of the notification that the contract was returned to the originating office for failure to include these clauses.
- C. Charge the component of the contracting office an additional Output #6 (MOCAS), Output #9 (Commercial Invoice), Output #19 (SAMMS Invoice) or Output #31 (DeCA Invoice) workcount as appropriate for contract or modification returned.
- D. *Maintain a record of contracts returned by contracting office for justification and audit of workcounts, and identify non-complying contracting offices. A count of one will be established for each contract returned and each time it is returned to the contracting office to establish compliance. These counts will be charged to the component of the contracting office.*

SUBJECT: IMPLEMENTATION OF MANDATORY ELECTRONIC FUNDS TRANSFER (EFT)  
(VENDOR PAY POLICY MESSAGE VP 00-09)

A. UNDER SECRETARY OF DEFENSE MEMORANDUM, SUBJECT: MANDATORY ELECTRONIC FUNDS TRANSFER AND CENTRAL CONTRACTOR REGISTRATION (CCR), DATED DECEMBER 30, 1999

B. DFAS-HQ MEMORANDUM, SUBJECT: POLICY FOR USE OF DATA IN THE CORPORATE ELECTRONIC FUNDS TRANSFER (CEFT) DATABASE, DEPARTMENT OF DEFENSE CONTRACTS, DATED DECEMBER 27, 1999

C. FEDERAL ACQUISITION REGULATION (FAR) PART 52 AND DEFENSE FEDERAL ACQUISITION REGULATION SUPPLEMENT (DFARS), PART 204

D. DIRECTOR, DEFENSE PROCUREMENT MEMORANDUM, SUBJECT: NEW STATUTORY REQUIREMENT OF PAYMENT BY EFT, DATED JULY 25, 1996

E. DIRECTOR, DEFENSE PROCUREMENT MEMORANDUM, SUBJECT: CODE FOR PAYMENT BY EFT, DATED JULY 31, 1996

1. EFFECTIVE APRIL 3, 2000 THE DFAS-IN NETWORK WILL IMPLEMENT MANDATORY EFT. THIS MESSAGE PROVIDES POLICY AND PROCEDURES FOR RETURNING CONTRACTS AND MODIFICATIONS TO EXISTING CONTRACTS FOR MODIFICATION WHICH DO NOT INCLUDE THE CCR AND EFT CLAUSES. IT ALSO PROVIDES FOR HOLDING THE RELATED INVOICES, NOTIFYING THE VENDORS AND ASKING VOLUNTARY COMPLIANCE, BUT MAKING PAYMENT IF THE VENDOR REFUSES, THREATENS OR INITIATES LITIGATION (PAY BY CHECK UNDER THESE CIRCUMSTANCES ONLY IF THE CCR/EFT CLAUSES ARE NOT IN CONTRACT). THE POLICY PROVIDES FOR ADDITIONAL CHARGES FOR RETURNING CONTRACTS/MODIFICATIONS; VENDORS NOT REGISTERED IN CCR; NOTIFYING VENDORS OF RETURNED CONTRACTS/MODIFICATIONS TO THE CONTRACTING OFFICE; MAKING PAYMENT OTHER THAN EFT. THE ADDITIONAL CHARGES APPLY TO THE DFAS-IN NETWORK MINUS ARMY NATIONAL GUARD (ARNG) AT THIS TIME HOWEVER ARNG UNITS MUST FOLLOW THE MANDATORY EFT/CCR POLICIES AND PROCEDURES TO INCLUDE REPORTING MONTHLY TO DFAS-IN PROCEDURES.

2. SCOPE:

A. DELIVERY ORDERS ARE EXCLUDED UNTIL SUCH TIME AS HQ-GENERAL COUNSEL MAKES A DETERMINATION AS TO WHETHER THE CLAUSES MUST BE CITED IN THE DELIVERY ORDERS.

B. CONTRACTS ISSUED PRIOR TO JULY 26, 1996 ARE GRANDFATHERED AND ARE NOT REQUIRED TO HAVE THE CCR/CEFT CLAUSE(S). CONTRACTS/MODIFICATIONS (INCLUDES GRANDFATHERED) ISSUED AFTER FEBRUARY 1, 2000 MUST HAVE THE CLAUSES. THIS POLICY PERTAINS TO CONTRACTS, MODIFICATIONS RECEIVED FOR CONTRACTS, PURCHASE ORDERS AND BASIC ORDERING AGREEMENTS. THEY MUST CONTAIN THE CCR/CEFT CLAUSES UNLESS THEY ARE EXEMPT OR WAIVED AS STATED IN PARAGRAPHS 8 AND 9.

3. ENTITLEMENT SYSTEM: SOME CONTRACTS/MODIFICATIONS ARE ELECTRONICALLY SENT AND SOME ARE STILL RECEIVED BY HARD COPY. DO NOT DELETE CONTRACTS/MODIFICATIONS FROM THE ENTITLEMENT SYSTEM THAT ARE RETURNED DUE TO LACK OF CLAUSES.

4. CLAUSES: FAR CLAUSE 52.232-33 AND DFARS CLAUSE 252.204-7004. YOU MAY RECEIVE CONTRACTS WITH THE FAR CLAUSE OF 52.252-2 WHICH IS THE SHORT WAY TO INCLUDE CLAUSES. 52-252-2 MUST LIST THE CLAUSE NUMBER, TITLE AND DATE FOR IT TO BE ACCEPTABLE AND CARRIES THE SAME EFFECT THE SPECIFIC CLAUSES DO.

5. REMIT TO DATA: DFAS-IN MUST USE THE EFT AND REMITTANCE ADDRESS IN THE CCR/CEFT SINCE IT IS THE OFFICIAL RECORD. A MODIFICATION TO THE CONTRACT IS NOT REQUIRED WHEN THE CONTRACT DIFFERS FROM CCR/CEFT REMIT TO DATA. FOR CONTRACTS THAT DO NOT HAVE THE CLAUSES THE CONTRACT REMIT TO DATA TAKES PRECEDENCE UNLESS THE VENDOR IS REGISTERED IN CCR AND THEN THE CCR/CEFT REMIT TO DATA IS USED. TO ACCESS FAR AND DFAR WEB SITE USE INTERNET ADDRESS [HTTP://FARSITE.HILL.AF.MIL/VFFAR1.HTM](http://farsite.hill.af.mil/vffar1.htm)

6. CCR CONFIRMATION BY VENDOR: VENDORS ARE REQUIRED TO CONFIRM THEIR CCR INFORMATION ANNUALLY. IF THEY DO NOT CONFIRM, THEIR REGISTRATION WILL

(received from DFAS 4/3/00)

Attachment 4-2

EXPIRE. VIEW THIS AS VENDOR NOT REGISTERED IN CCR AND PROCESS/CHARGE ACCORDINGLY.

7. WAIVER AUTHORIZATION: WAIVERS ARE AUTHORIZED BY TREASURY RULES AT 31 CFR PART 208, MANAGEMENT OF FEDERAL AGENCY DISBURSEMENTS AND THE FAR AND DFAR. THERE ARE NO OTHER CRITERIA FOR WAIVERS. OPLOC DIRECTORS MAY APPROVE WAIVER REQUESTS AS ADDRESSED IN PARAGRAPH 8 AND 9. DFAS-IN PROCEDURES PERSONNEL WILL PROVIDE OPLOC DIRECTORS THE FORM TO BE USED FOR APPROVING WAIVERS. THE MEMORANDUM WILL BE FILED WITH THE VENDOR PAY OFFICE RETAINED HARDCOPY (SCANNED) CONTRACT. A COPY WILL BE ATTACHED TO EACH PERTINENT PAYMENT VOUCHER FILE COPY. THIS MEMORANDUM WILL REMAIN ON FILE UNTIL THE CONTRACT IS CLOSED AND/OR FOR THE FILE RETENTION PERIOD REQUIRED FOR VENDOR PAY DOCUMENTATION. ALTHOUGH A VENDOR MAY BE WAIVED FROM EFT, THEY ARE STILL REQUIRED TO BE REGISTERED IN CCR.

8. WAIVED BY REGULATION:

- A. ONE-TIME NONRECURRING PAYMENTS
- B. PAYMENTS TO SOLE PROPRIETORS (INDIVIDUALS)
- C. CLASSIFIED CONTRACTS
- D. CONTRACTS AWARDED BY DEPLOYED CONTRACTING OFFICERS IN THE COURSE OF MILITARY OPERATIONS,
- E. PURCHASES TO SUPPORT UNUSUAL OR COMPELLING NEEDS (DISASTERS SUCH AS ACTS OF GOD)

9. EXEMPTIONS:

- A. UTILITY COMPANIES (WATER, PHONE, GAS, ELECTRICITY UNDER TARIFFS)
- B. GOVERNMENT BILLS OF LADING
- C. FOREIGN VENDORS (PAID IN FOREIGN CURRENCY FOR WORK PERFORMED OUTSIDE THE U.S.).
- D. FEDERAL GOVERNMENT AGENCIES

10. NOT EXEMPT:

- A. A US CITIZEN IS DOING BUSINESS IN A FOREIGN COUNTRY PAID IN DOLLARS ARE NOT EXEMPT FROM MANDATORY EFT AND CCR REQUIREMENTS.
- B. STATE AND LOCAL GOVERNMENT AGENCIES ARE NOT EXEMPT

11. NOT WAIVED: IF VENDOR HAS RECEIVED OR YOU ARE AWARE VENDOR WILL RECEIVE MORE THAN ONE PAYMENT WITHIN A TWELVE MONTH PERIOD EFT REQUIREMENTS ARE NOT WAIVED.

12. CONTRACTING OFFICE AND WAIVERS: THE CONTRACTING OFFICE IS RESPONSIBLE FOR STATING ON THE CONTRACT "EFT WAIVED" WHEN PURCHASES ARE TO BE MADE FOR: ONE-TIME NON-RECURRING; SOLE PROPRIETORSHIP; CLASSIFIED; SUPPORTING UNUSUAL OR COMPELLING NEEDS; AND DEPLOYED CONTRACTING OFFICERS IN THE COURSE OF MILITARY OPERATIONS. THE CONTRACTING OFFICE IS ALSO RESPONSIBLE FOR STATING ON THE CONTRACT OR PROVIDING A MEMORANDUM WITH SIGNATURE TO THE PAYING OFFICE FOR ANY VENDORS WHO ARE BEING WAIVED FROM EFT. THESE VENDORS WAIVED FROM EFT ARE NOT WAIVED FROM CCR. IF PAYMENT IS MADE BY CHECK A WORKCOUNT CHARGE WILL APPLY.

13. INTEREST PENALTY PAYMENTS:

A. PAY INTEREST AMOUNTS AS APPLICABLE ON ANY PAYMENT DELAYED BEYOND THE PPA WINDOW AND TERMS OF CONTRACT AS A RESULT OF RETURNING A CONTRACT FOR MODIFICATION TO COMPLY WITH CCR/CEFT REQUIREMENTS. SUCH INTEREST PAYMENTS WILL BE CHARGED TO THE ORIGINATING CONTRACTING OFFICE AND NOT THE COMPONENT WHOSE FUNDS ARE CITED IN THE CONTRACT.

B. IF THE VENDOR'S EFT INFORMATION IN THE CCR DATABASE IS INCORRECT, THE GOVERNMENT NEED NOT MAKE PAYMENT UNTIL THE CORRECT EFT INFORMATION IS ENTERED INTO THE CCR/CEFT DATABASE, AND ANY INVOICE SHALL BE DEEMED NOT TO BE A PROPER INVOICE FOR THE PURPOSE OF PROMPT PAYMENT ACT (PPA). ONCE CORRECTED EFT DATA IS AVAILABLE MAKE PAYMENT WITHIN SEVEN DAYS. DO NOT RETURN THE INVOICE AND INTEREST PENALTIES WILL NOT BE PAID. PPA INTEREST WILL BEGIN TO ACCRUE SEVEN DAYS AFTER THE CCR IS UPDATED WITH CORRECT EFT DATA IF PAYMENT IS NOT MADE.

### EFT/CCR RECOMMENDATIONS

- 1) Ensure that, unless an exception applies, vendors are registered and noted as "active" in the CCR database ([www.ccr2000.com](http://www.ccr2000.com)) prior to award of a contract, basic agreement, basic ordering agreement, or blanket purchase agreement. If the registration expires in less than two (2) months, ask the vendor to renew the registration. All vendors must maintain an "active" status in the CCR database in order for DFAS to make payments from the EFT data.
- 2) All DoD vendors must be registered in the CCR database in order to be awarded a contract on solicitations issued after June 1, 1998. Additionally, the Debt Collection Improvement Act of 1996 requires payments on all Federal contracts must be made via EFT if the solicitation was issued after June 26, 1996. Unless exempted, ensure that all contracts have mandatory CCR (DFARS 252.204-7004) and EFT (FAR 52.232-33) clauses. When modifying a contract or exercising an option that does not already have these clauses, attempt to include them in the modification and notify the contractor of the CCR registration requirement.
- 3) The CAGE Code, DUNS Number, and address of the vendor receiving the award must match the CCR information; however, the vendor's remittance address does not have to match the CCR address (see "CCR Handbook" at [www.ccr2000.com](http://www.ccr2000.com)).
- 4) Ensure that all award documents have the correct and required codes (CAGE Code, Issued By Office Code, Payment Office Code, Administered By Code, etc.) - incorrect information will result in misdirected documents and an inability for DFAS to pay invoices by EFT.
- 5) In cases where an exception to being registered in CCR prior to award applies, work with the vendor as well as the cognizant ACO and DFAS offices to make arrangements for EFT payment.
- 6) Inform DFAS of EFT/CCR-exempted contracts/vendors.
- 7) Inform DFAS if it erroneously returns a contract action or makes a check payment when the contractor was properly registered in CCR.
- 8) Remind vendors that failure to renew their registration annually in CCR will result in payment delays. It will also cause the DoD contracting component to be charged for DFAS administrative corrections.
- 9) Work with your Financial Management community as well as with those who certify invoices to notify them that a vendor must be "active" in CCR at the time of invoice

certification. Follow the guidance in Point 1 for verifying that a vendor is "active" in CCR.

- 10) Include CCR and EFT information in your training for Contracting Officer Representatives.
- 11) In order to minimize PALT increases as a result of the CCR mandate, select a site point of contact for CCR assistance and questions who can help to speed up the process of registering vendors as well as monitoring a list of vendors "pending registration" in CCR. When providing assistance, encourage all vendors to verify all account and routing numbers with their financial institution.
- 12) All Federal Supply Schedule (FSS) contracts contain the appropriate General Service Administration (GSA) clauses for EFT (FAR 52.232-33) and CCR (I-FSS-598)(see below); therefore, vendors are on notice that CCR applies to all GSA orders. Contracting activities may re-state these clauses by reference in the actual order. If the vendor states that either the EFT (FAR 52.232-33) or CCR (I-FSS-598) clause is missing from the FSS contract, please contact the GSA Contracting Officer to request a modification (<http://pub.fss.gsa.gov/acquisitionCenters.cfm>).

**I-FSS-598 CENTRAL CONTRACTOR REGISTRATION (CCR) (OCT 1999)**

To receive orders from the Department of Defense (DoD) contractors must be registered in the DoD CCR database (registration information is available at <http://www.ccr2000.com>). The CCR database is DoD's primary repository for contractor information required for the conduct of business with DoD. This requirement does not apply to purchases made with a Governmentwide commercial purchase card. (Refer to clause I-FSS-600, Contractor Price Lists, for additional information regarding CCR.)

- 13) For all orders placed against non-GSA contract vehicles, confirm that the appropriate CCR and EFT clauses are included in the basic contract or reference them on the order.
- 14) There is no CCR exception for utility companies or common carriers under Government Bills of Lading. Because the DFAS vendor payment system can not yet interface with many of these vendors' disbursing systems, payments to these vendors will not be made via EFT. DFAS is working to resolve this problem. As a result of these circumstances, contracts with these vendors will not be returned by DFAS for failure to comply with the EFT payment mandate.